

J. WALTER THOMPSON COMPANY

420 LEXINGTON AVENUE
NEW YORK 17

CONFIDENTIAL

April 28, 1964

Mr. Lawrence W. Bruff
Vice President
Liggett & Myers Tobacco Co.
630 Fifth Avenue
New York 20, New York

Dear Larry:

This is in reply to your memorandum of April 27 asking for answers to some of the questions raised in Section II of Covington & Burling's memorandum of March 30, 1964.

Since the only questions raised in this memorandum on which our opinions would appear to be both applicable and meaningful are contained in paragraph II B (a, b, c and d), we are confining our reply to these questions. All these appear on page 5, and our answers are as follows:

II B (a) -

The only contractual commitments currently made for advertising media for a period longer than thirteen weeks are in network television. In this area we have the following contracts beginning in the Fall of 1964:

NBC-TV	Dr. Kildare	52 weeks Non-cancellable
NBC-TV	Alfred Hitchcock	52 weeks Cancellable after 30 weeks
NBC-TV	Tonight	Contracted through December 31, 1964 with rights to terminate on sixty days' notice after either July 3 or October 2
ABC-TV	No Time for Sergeants	52 weeks Non-cancellable

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ABC-TV	Burke's Law	52 weeks Cancellable after 26 weeks
ABC-TV	Farmer's Daughter	52 weeks Cancellable after 26 weeks

II B (b) -

The lead time required before advertising can be changed is substantial, particularly in the case of television and color pages in magazines. Our suppliers for film commercials on television ask for a period of six weeks for producing a new commercial, and it would be reasonable to expect another two weeks for preparation and approval of scripts and storyboards prior to proceeding with production. Therefore, at least eight weeks' lead time is necessary in television. In the case of color pages in magazines, the magazines themselves have closing dates six to eight weeks in advance of the issue date, which must be added to three weeks required by engravers to make a good set of four-color plates, and approximately two weeks for photography and preparation of copy before a new advertisement is ready to turn over to the engraver. Therefore, the lead time in magazines is approximately eleven to thirteen weeks.

II B (c) -

The length of time in which a given advertisement is used before it would normally be replaced varies considerably. Some television commercials are designed to have a use span of six months or even more. Print advertisements are usually scheduled over a period of no longer than two or three months, although they occasionally are repeated over a longer period.

II B (d) -

Representative costs for a typical magazine advertisement in full color are as follows: photography \$2500 to \$3500; typography \$500; engraving \$2500; electros \$600; making a total from \$6100 to \$7100.

The cost of producing a 60 second television commercial in black-and-white normally runs between \$12,000 and \$20,000, depending upon the complications on the sets, locations and scripts.

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One further point may be useful with respect to paragraph A on page 6. If the Federal Trade Commission were to insist on the inclusion of their presently proposed warning notice in the audio or video, or both, of television commercials the value of 10 second ID's and 20 second spots would be very seriously depreciated -- so much so that we would probably not recommend ID's at all and would have to re-consider the use of 20 second announcements.

If you or Mr. Horan wish an amplification of any of the above, please let us know.

Sincerely yours,


Vice President

John Monsarrat/vb

cc Mr. H. C. Robinson, Jr.